



STATE BOARD OF EQUALIZATION
PROPERTY AND SPECIAL TAXES DEPARTMENT
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Interim Executive Director

December 19, 2003

TO WELFARE AND VETERANS' ORGANIZATIONS:

**CHANGED ADMINISTRATION OF THE
WELFARE AND VETERANS' ORGANIZATION EXEMPTIONS**

The purpose of this letter is to notify you of the change in administration of the welfare and veterans' organization exemptions and to provide you with your *Organizational Clearance Certificate*. As described below, information on this certificate must be supplied to the county assessor when filing certain claims for exemption of property taxes under the welfare or veterans' organization exemption. The change in the joint administration of the welfare and veterans' organization exemptions, effective for claims filed on or after January 1, 2004, eliminates duplicative administrative functions and duties.

ADMINISTRATION

In general, the welfare and veterans' organization exemptions from local property taxes are available to property of organizations formed and operated exclusively for qualifying purposes (religious, scientific, hospital or charitable), which use their property exclusively for those purposes. Both organizational and property use requirements must be met for the exemption to be granted. Under the new administration, the Board will be responsible for determining whether an organization is eligible for the welfare or veterans' organization exemption and the assessor will be responsible for determining whether the use of the property is eligible for the exemption.

The changes to the administration are discussed in detail in two Letters To Assessors (LTA) that are available on the Board's website at www.boe.ca.gov, and can be accessed by selecting (1) Property Taxes, (2) Letters To Assessors. LTA 2003/070, dated November 14, 2003, discussed statutory amendments that streamline the administration of the welfare and veterans' organization exemptions and described responsibilities of the assessor and the Board under the new administration. LTA No. 2003/095, dated December 17, 2003, discussed the administration as applicable to low-income housing properties owned and operated by limited partnerships in which the managing general partner is an eligible nonprofit corporation meeting all the requirements of Revenue and Taxation Code section 214.

ORGANIZATIONAL CLEARANCE CERTIFICATES

Enclosed is an *Organizational Clearance Certificate* with information relevant to your organization. According to our records, your organization has at least one property that is qualified for exemption. This certificate indicates that your organization currently qualifies for the welfare or veterans' organization exemption. Please retain this certificate as it is needed for future filings of welfare or veterans' exemption claims filed in any of the 58 California counties. A copy of this certificate must be included with claim forms when filing an exemption claim for the first time in a county; and the certificate number must be provided when seeking exemption on an added location in a county.

The Board will notify assessors of all organizations currently eligible for the welfare or veterans' organization exemption that were issued an *Organizational Clearance Certificate*; and a list of qualifying organizations will be posted to the Board's website prior to January 1, 2004. The Board will maintain the listing of qualifying organizations, which will be updated on a quarterly basis.

In order to verify that organizations holding *Organizational Clearance Certificates* continue to meet the requirements of section 214, Board staff will be mailing claims to each organization. Mailings will be done on a three year cycle based on the name of the organization ("the" will not be considered the beginning of the name in the determination of the filing cycle). As indicated below, we will initiate the first mailing cycle at the beginning of next year.

- Organizations with names that begin with numeric characters or the letters A through E are designated as filing group 1, and will receive a periodic claim form on the first cycle that has a filing deadline of February 15, 2004.
- Organizations with names beginning with F through O are designated as filing group 2, and will be required to file claim forms on a three year cycle beginning with the February 15, 2005 filing deadline.
- Organizations with names that begin with P through Z are designated as filing group 3, and will be required to file the periodic claim starting with the February 15, 2006 deadline.

This claim form (BOE-277-P, *Periodic Filing for Organizational Clearance Certificate, Welfare or Veterans' Organization Exemption*) requests information required to ensure that the organization continues to qualify for exemption. Failure to file the periodic claim form (BOE-277-P) may result in Board staff revoking the *Organizational Clearance Certificate*.

If Board staff determines that an organization no longer meets the exemption requirements of section 214, the Board will notify the claimant of the ineligibility. Additional information on notification of ineligibility and revocation is available on the Board's website and can be accessed by selecting (1) Property Taxes, (2) Welfare and Veterans' Organization Exemption, (3) Denial or Revocation of Organizational Clearance Certificate.

WELFARE AND VETERANS' ORGANIZATION EXEMPTION CLAIMS

Claimants will continue to file claims for the welfare or veterans' organization exemption with the county assessor; however, rather than claimants filing in duplicate, the claimant will only file one copy for the assessor to review.¹ The assessor will review claims for the welfare or veterans' organization exemption to determine whether the use of the property qualifies for exemption.

The assessor's determination of whether an organization's property use satisfies the requirements of section 214 will be made by the county assessor without review by the Board staff; but, the assessor may not grant a claim unless the organization holds a valid *Organizational Clearance Certificate* issued by the Board. The assessor may deny an exemption claim, based on non-qualifying use of the property, notwithstanding the claimant's *Organizational Clearance Certificate* granted by the Board.

CONCLUSION

Additional information may be obtained on the Board's website at www.boe.ca.gov and can be accessed through (1) Property Taxes, (2) Welfare and Veterans' Organization Exemptions. In addition, you may contact the Exemptions Section at (916) 445-3524.

Sincerely,

Lisa Thompson
Principal Property Appraiser
Assessment Policy and Standards Division

LT:lf
Enclosure
cc: County Assessors' Exemption Section

¹ File claim form BOE-267-A on properties that were granted exemption in the prior year to request Welfare Exemption on annual basis. File claim form BOE-267 for initial request of Welfare Exemption for a specific property when organization is a new filer in the county or requesting exemption for a new location in the county. File claim form BOE-269-AH to request Veterans' Organization exemption for a specific property.